

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 357
Belle Plaine, Kansas**

**Financial Statements
June 30, 2010**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 357

Financial Statements Year Ended June 30, 2010 Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	1
Statement 1:	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2:	
Summary of Expenditures - Actual and Budget	5
Statement 3:	
Statement of Cash Receipts and Expenditures:	
General Fund	6
Supplemental General Fund	7
At Risk (4 yr old) Fund	8
At Risk (K - 12) Fund	9
Capital Outlay Fund	10
Contingency Reserve Fund - Actual	11
Driver Training Fund	12
Food Service Fund	13
Special Education Fund	14
Vocational Education Fund	15
KPERs Special Retirement Contribution Fund	16
Textbook and Student Material Revolving Fund - Actual	17
State Grants Fund - Actual	18
Federal Projects Funds - Actual	19
Bond and Interest Fund	20
Statement 4:	
School Activity Funds - Statement of Cash Receipts and Cash Disbursements	21
Statement 5:	
District Activity Funds - Summary of Cash Receipts, Expenditures and Unencumbered Cash	23
Notes to Financial Statements	24

UNIFIED SCHOOL DISTRICT NO. 357

Financial Statements

Year Ended June 30, 2010

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	33
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	35
Schedule of Findings and Questioned Costs	37
Schedule of Expenditures of Federal Awards	38
Summary of Prior Audit Findings	40

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. DETTING, C.P.A.

PETERSON, PETERSON & GOSS, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371

FAX 316-262-5369

www.ppgic.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OF COUNSEL
MARVIN W. NYE, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 357
Belle Plaine, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 357, Belle Plaine, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 357, Belle Plaine, Kansas, as of June 30, 2010, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2011, on our consideration of Unified School District No. 357's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Unified School District No. 357, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

This report is intended solely for the use of the management of Unified School District No. 357 and the Kansas Department of Education and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Unified School District No. 357, is a matter of public record.

Peterson Peterson & Goss LC

February 15, 2011

UNIFIED SCHOOL DISTRICT NO. 357
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (197,812)	\$ -	\$ 5,280,987	\$ 5,225,229	\$ (142,054)	\$ 3,995	\$ (138,059)
Supplemental General	(194,959)	-	1,631,734	1,633,003	(196,228)	25	(196,203)
Special Revenue:							
At Risk (4 yr old)	700	-	63,000	61,182	2,518	-	2,518
At Risk (K - 12)	1,160	-	417,000	328,315	89,845	1,729	91,574
Capital Outlay	237,810	-	177,069	80,270	334,609	750	335,359
Contingency Reserve	2,621	-	61,964	-	64,585	-	64,585
Driver Training	5,798	-	8,876	2,433	12,241	-	12,241
Food Service	18,078	-	285,853	272,213	31,718	-	31,718
Special Education	58,869	-	1,143,336	1,138,666	63,539	-	63,539
Vocational Education	-	-	188,000	166,794	21,206	-	21,206
KPERS Special Retirement Contribution	-	-	340,043	340,043	-	-	-
Textbook and Student Material Revolving	16,565	-	21,773	1,316	37,022	-	37,022
State Grants	1,000	-	-	-	1,000	-	1,000
Gate Receipts	17,809	-	57,701	45,743	29,767	-	29,767
Federal Projects:							
Title I	-	-	107,719	107,037	682	-	682
Title II-A, Improving Teacher Quality	-	-	12,217	11,703	514	-	514
Title II-D, Tech Literacy	-	-	1,851	938	913	-	913
Title IV-A, Drug Free	-	-	2,194	1,885	309	-	309
Title V, Innovative Programs	4,142	-	2,596	300	6,438	-	6,438
Debt Service:							
Bond and Interest	347,765	-	661,926	603,485	406,206	-	406,206
Total Reporting Entity	\$ 319,546	\$ -	\$ 10,465,839	\$ 10,020,555	\$ 764,830	\$ 6,499	\$ 771,329

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Composition of Cash:

Money Market Account - The Valley State Bank	\$ (222,384)
NOW Account - The Valley State Bank	964,845
Petty Cash	3,000
NOW Account - The Valley State Bank - High School	61,840
NOW Account - The Valley State Bank - Middle School	33,044
Checking Account - The Valley State Bank - Elementary School	11,458
Total Cash	<u>851,803</u>

Agency Funds per Statement 4

(80,474)

Total Reporting Entity

\$ 771,329

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Business Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 5,647,480	\$ (422,251)	\$ -	\$ 5,225,229	\$ 5,225,229	\$ -
Supplemental General	1,699,442	(62,319)	-	1,637,123	1,633,003	4,120
Special Revenue:						
At Risk (4 yr old)	66,000			66,000	61,182	4,818
At Risk (K - 12)	526,524			526,524	328,315	198,209
Capital Outlay	239,130			239,130	80,270	158,860
Driver Training	9,017			9,017	2,433	6,584
Food Service	358,850			358,850	272,213	86,637
Special Education	1,341,962			1,341,962	1,138,666	203,296
Vocational Education	188,000			188,000	166,794	21,206
KPERS Special Retirement Contribution	417,422			417,422	340,043	77,379
Debt Service:						
Bond and Interest	619,670			619,670	603,485	16,185

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 312,251	\$ 327,524	\$ 15,273
Delinquent tax	10,132	5,659	(4,473)
Mineral production tax	750	334	(416)
Federal aid:			
ARRA stabilization funds	250,235	250,235	-
State aid:			
Equalization aid	3,842,500	3,891,067	48,567
Special education aid	784,594	800,902	16,308
Other	-	5,266	5,266
Total Cash Receipts	<u>5,200,462</u>	<u>5,280,987</u>	<u>80,525</u>
Expenditures:			
Instruction (net \$800 federal aid)	3,191,600	2,691,577	500,023
Student support service	221,598	259,552	(37,954)
Instructional support service	3,000	-	3,000
General administration	268,270	251,169	17,101
School administration	439,056	499,715	(60,659)
Operations and maintenance	42,200	19,416	22,784
Student transportation service	157,913	107,906	50,007
Transfers to:			
At Risk (4 yr old) Fund	-	50,150	(50,150)
At Risk (K - 12) Fund	510,000	417,000	93,000
Contingency Reserve Fund	29,189	59,842	(30,653)
Special Education Fund	784,654	800,902	(16,248)
Vocational Education Fund	-	68,000	(68,000)
Adjustment to comply with legal max	(422,251)	-	(422,251)
Total Expenditures	<u>5,225,229</u>	<u>5,225,229</u>	<u>-</u>
Receipts Over (Under) Expenditures	(24,767)	55,758	80,525
Unencumbered Cash, Beginning	<u>24,767</u>	<u>(197,812)</u>	<u>(222,579)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (142,054)</u>	<u>\$ (142,054)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 400,507	\$ 448,117	\$ 47,610
Motor vehicle tax	73,846	74,739	893
Delinquent tax	10,981	985	(9,996)
Federal aid ARRA stablization funds	-	274,228	274,228
State aid	1,059,568	833,665	(225,903)
Total Cash Receipts	<u>1,544,902</u>	<u>1,631,734</u>	<u>86,832</u>
Expenditures:			
Instruction	179,003	554,560	(375,557)
Operations and maintenance	738,000	474,876	263,124
Transfers to:			
Food Service	30,000	-	30,000
Special Education Fund	498,439	333,093	165,346
Vocational Education Fund	188,000	120,000	68,000
At Risk (4 yr old) Fund	66,000	12,850	53,150
Capital Outlay Fund	-	137,624	(137,624)
Adjustment to comply with legal max	(62,319)	-	(62,319)
Total Expenditures	<u>1,637,123</u>	<u>1,633,003</u>	<u>4,120</u>
Receipts Over (Under) Expenditures	(92,221)	(1,269)	90,952
Unencumbered Cash, Beginning	<u>92,221</u>	<u>(194,959)</u>	<u>(287,180)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (196,228)</u>	<u>\$ (196,228)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
At Risk (4 yr old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from General Fund	\$ -	\$ 50,150	\$ 50,150
Transfer from Supplemental General Fund	66,000	12,850	(53,150)
Total Cash Receipts	<u>66,000</u>	<u>63,000</u>	<u>(3,000)</u>
Expenditures:			
Instruction	<u>66,000</u>	<u>61,182</u>	<u>4,818</u>
Receipts Over (Under) Expenditures	-	1,818	1,818
Unencumbered Cash, Beginning	<u>699</u>	<u>700</u>	<u>1</u>
Unencumbered Cash, Ending	<u><u>\$ 699</u></u>	<u><u>\$ 2,518</u></u>	<u><u>\$ 1,819</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
At Risk (K - 12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Transfer from General Fund	\$ 510,000	\$ 417,000	\$ (93,000)
Expenditures:			
Instruction	<u>526,524</u>	<u>328,315</u>	<u>198,209</u>
Receipts Over (Under) Expenditures	(16,524)	88,685	105,209
Unencumbered Cash, Beginning	<u>16,524</u>	<u>1,160</u>	<u>(15,364)</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 89,845</u></u>	<u><u>\$ 89,845</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,172	\$ 2,538	\$ 1,366
Delinquent tax	2,389	1,404	(985)
Motor vehicle tax	15,093	15,105	12
Interest earnings	15,000	20,398	5,398
Transfer from Supplemental General Fund	-	137,624	137,624
Total Cash Receipts	<u>33,654</u>	<u>177,069</u>	<u>143,415</u>
Expenditures:			
Instruction	239,130	73,553	165,577
Facility acquisition and construction	-	6,717	(6,717)
Total Expenditures	<u>239,130</u>	<u>80,270</u>	<u>158,860</u>
Receipts Over (Under) Expenditures	(205,476)	96,799	302,275
Unencumbered Cash, Beginning	<u>205,476</u>	<u>237,810</u>	<u>32,334</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 334,609</u>	<u>\$ 334,609</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Insurance reimbursement	\$ 2,122
Transfer from General Fund	<u>59,842</u>
Total Cash Receipts	61,964
 Unencumbered Cash, Beginning	 <u>2,621</u>
 Unencumbered Cash, Ending	 <u><u>\$ 64,585</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 2,500	\$ 1,800	\$ (700)
Miscellaneous	7,000	7,076	76
Total Cash Receipts	<u>9,500</u>	<u>8,876</u>	<u>(624)</u>
Expenditures:			
Instruction	<u>9,017</u>	<u>2,433</u>	<u>6,584</u>
Receipts Over (Under) Expenditures	483	6,443	5,960
Unencumbered Cash, Beginning	<u>5,799</u>	<u>5,798</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u>\$ 6,282</u>	<u>\$ 12,241</u>	<u>\$ 5,959</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357

Food Service Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 4,771	\$ 3,671	\$ (1,100)
Federal aid	161,011	169,238	8,227
Charges for services	200,900	112,944	(87,956)
Transfer from General Fund	30,000	-	(30,000)
Total Cash Receipts	<u>396,682</u>	<u>285,853</u>	<u>(110,829)</u>
Expenditures:			
Food service operation (net \$14,308 fed aid)	<u>358,850</u>	<u>272,213</u>	<u>86,637</u>
Receipts Over (Under) Expenditures	37,832	13,640	(24,192)
Unencumbered Cash, Beginning	<u>18,077</u>	<u>18,078</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ 55,909</u>	<u>\$ 31,718</u>	<u>\$ (24,191)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Federal aid:			
Medicaid	\$ -	\$ 9,341	\$ 9,341
Transfers from:			
General Fund	784,654	800,902	16,248
Supplemental General Fund	498,439	333,093	(165,346)
Total Cash Receipts	<u>1,283,093</u>	<u>1,143,336</u>	<u>(139,757)</u>
Expenditures:			
Instruction	<u>1,341,962</u>	<u>1,138,666</u>	<u>203,296</u>
Receipts Over (Under) Expenditures	(58,869)	4,670	63,539
Unencumbered Cash, Beginning	<u>58,869</u>	<u>58,869</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 63,539</u></u>	<u><u>\$ 63,539</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfers from:			
General Fund	\$ -	\$ 68,000	\$ 68,000
Supplemental General Fund	188,000	120,000	(68,000)
Total Cash Receipts	<u>188,000</u>	<u>188,000</u>	<u>-</u>
Expenditures:			
Instruction	<u>188,000</u>	<u>166,794</u>	<u>21,206</u>
Receipts Over (Under) Expenditures	-	21,206	21,206
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 21,206</u></u>	<u><u>\$ 21,206</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 417,422	\$ 340,043	\$ (77,379)
Expenditures:			
Instruction	291,786	200,625	91,161
Student support	24,128	-	24,128
General administration	16,585	71,409	(54,824)
School administration	37,220	-	37,220
Operations and maintenance	25,252	34,005	(8,753)
Student transportation services	9,136	10,201	(1,065)
Food service	13,315	23,803	(10,488)
Total Expenditures	417,422	340,043	77,379
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Textbook and Student Material Revolving Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Fees and rentals	\$ 21,773
Expenditures:	
Materials	<u>1,316</u>
Receipts Over (Under) Expenditures	20,457
Unencumbered Cash, Beginning	<u>16,565</u>
Unencumbered Cash, Ending	<u><u>\$ 37,022</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
State Grants Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 1,000</u>
Unencumbered Cash, Ending	<u><u>\$ 1,000</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Title I</u>	<u>Title II-A, Improving Teacher Quality</u>	<u>Title II-D, Tech Literacy</u>	<u>Title IV-A, Drug Free</u>	<u>Title V, Innovative Programs</u>
Cash Receipts:					
Federal aid	\$ 103,094	\$ 12,217	\$ 851	\$ 2,194	\$ 2,596
ARRA funds	4,625	-	1,000	-	-
Total Cash Receipts	<u>107,719</u>	<u>12,217</u>	<u>1,851</u>	<u>2,194</u>	<u>2,596</u>
Expenditures:					
Instruction and supplies	103,094	11,703	938	1,885	300
ARRA funds	3,943	-	-	-	-
Total Expenditures	<u>107,037</u>	<u>11,703</u>	<u>938</u>	<u>1,885</u>	<u>300</u>
Receipts Over (Under) Expenditures	682	514	913	309	2,296
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,142</u>
Unencumbered Cash, Ending	<u>\$ 682</u>	<u>\$ 514</u>	<u>\$ 913</u>	<u>\$ 309</u>	<u>\$ 6,438</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 231,654	\$ 241,884	\$ 10,230
Delinquent tax	7,715	5,408	(2,307)
Motor vehicle tax	49,445	49,633	188
Bond refinance proceeds	-	53,593	53,593
State aid	311,409	311,408	(1)
Total Cash Receipts	<u>600,223</u>	<u>661,926</u>	<u>61,703</u>
Expenditures:			
Interest	104,570	76,805	27,765
Commission and postage	100	11,680	(11,580)
Principal	515,000	515,000	-
Total Expenditures	<u>619,670</u>	<u>603,485</u>	<u>16,185</u>
Receipts Over (Under) Expenditures	(19,447)	58,441	77,888
Unencumbered Cash, Beginning	<u>347,765</u>	<u>347,765</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 328,318</u>	<u>\$ 406,206</u>	<u>\$ 77,888</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 School Activity Funds
 Statement of Cash Receipts and Cash Disbursements
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Band Club	\$ 1,233	\$ -	\$ -	\$ 1,233
Band Enhancement	2,310	-	120	2,190
Band Cottonbowl	2,672	28,551	31,223	-
Class of 2010	3,644	-	3,644	-
Class of 2011	-	8,966	5,663	3,303
Class of 2012	83	-	-	83
Forensics	116	164	167	113
FBLA	349	1,430	1,234	545
Letter Club	2,532	-	-	2,532
National Honor Society	263	-	-	263
SADD	1,786	448	508	1,726
Language Club	370	565	519	416
Principal's Fund	1,427	305	496	1,236
Cheerleaders	1,187	1,241	1,250	1,178
Scholars Bowl	382	-	-	382
Stuco	648	1,700	1,514	834
Teachers	53	53	34	72
Vocal - Florida Trip	4,561	20,433	23,285	1,709
Dance Team	1,067	1,677	1,860	884
Softball	975	1,665	1,668	972
Boys Basketball	915	1,098	1,131	882
Football	3,279	3,108	4,527	1,860
Baseball	2,271	1,955	2,391	1,835
Volleyball	-	876	823	53
Track	-	984	905	79
T.S.A.	501	3,479	1,846	2,134
Foundation Scholarship	1,062	1,501	1,000	1,563
FCCLA	3,095	1,672	651	4,116
FCA	78	-	-	78
IHT	313	-	-	313
Beverage	2,406	6,866	6,471	2,801
Marquee	6,722	1,544	105	8,161
Bad Co	9,913	638	2,097	8,454
Embroidery Projects	238	-	-	238

UNIFIED SCHOOL DISTRICT NO. 357
 School Activity Funds
 Statement of Cash Receipts and Cash Disbursements
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds (continued):				
Middle School:				
Band Club	\$ 68	\$ -	\$ -	\$ 68
Cheerleaders	827	881	988	720
Library Club	3,457	1,042	1,460	3,039
School Store	220	-	134	86
PTO	203	200	233	170
Student Council	176	-	-	176
Yearbook Club	1,526	2,288	1,931	1,883
Renaissance Fund	129	-	-	129
Reading Renaissance	2,436	823	873	2,386
Spelling Bee	47	-	46	1
Special Donation	174	971	971	174
Staff Activities	400	-	-	400
AAA	69	-	14	55
SAP	552	-	-	552
Top Dogs	8,083	516	1,686	6,913
Elementary School:				
Equipment	500	858	991	367
Field Trip	84	4,579	4,256	407
Grants	18	-	-	18
Software	379	-	-	379
Student Leadership Team	199	-	-	199
Building	7,064	2,815	3,068	6,811
Library Club	2,677	5,200	5,332	2,545
Accelerated Reader	1,039	-	533	506
Yearbook	460	1,188	1,421	227
Total Student Organization Funds	87,238	112,280	119,069	80,449
Sales tax	25	3,578	3,578	25
Total	<u>\$ 87,263</u>	<u>\$ 115,858</u>	<u>\$ 122,647</u>	<u>\$ 80,474</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
 District Activity Funds
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Ending Cash Balance</u>
Gate Receipts:					
High School:					
Athletics	\$ 4,563	\$ 22,815	\$ 17,774	\$ 9,604	\$ 9,604
Concessions	2,457	8,954	7,540	3,871	3,871
Middle School:					
Athletics	1,725	11,571	8,240	5,056	5,056
Concessions	9,064	14,361	12,189	11,236	11,236
Total Gate Receipts	<u>\$ 17,809</u>	<u>\$ 57,701</u>	<u>\$ 45,743</u>	<u>\$ 29,767</u>	<u>\$ 29,767</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 357 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Unified School District No. 357 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Belle Plaine, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units, as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2010:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Fiduciary Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. In addition, general fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

June 30, 2010

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds and the following special revenue funds:

Contingency Reserve
Textbook and Student Material Revolving
State Grants
Gate Receipts
Federal Projects

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

June 30, 2010

3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	\$ 50,150
General Fund	At Risk (K -12) Fund	K.S.A. 72-6428	417,000
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	59,842
General Fund	Special Education Fund	K.S.A. 72-6428	800,902
General Fund	Vocational Education Fund	K.S.A. 72-6428	68,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	333,093
Supplemental General Fund	Capital Outlay Fund	K.S.A. 72-6428	137,624
Supplemental General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	12,850
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	120,000

4. Defined Benefit Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$140,318,394, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year. Remaining balance due from the State for year ending June 30, 2010 of \$108,149,792 was received by July 9, 2010.

UNIFIED SCHOOL DISTRICT NO. 357
Notes to Financial Statements
June 30, 2010

5. Compensated Absences

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 2 to 3 weeks based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. Hence, there is no estimated liability for accrued vacation pay at June 30, 2010.

Sick Leave

Full-time teachers contracted for twelve-month positions start each school year with ten days of sick leave with full pay. Teachers may accumulate unused sick leave to a total of 70 days. Classified personnel contracted for twelve-month positions start each school year with ten days of sick leave with full pay and may accumulate to a total of 60 days. Classified personnel contracted for ten-month positions may only accumulate unused sick leave to 40 days. Terminated or retiring employees are not compensated for their unused sick leave. Hence there is no estimated liability for accrued sick leave at June 30, 2010.

6. Deposits and Investments

Deposits

At June 30, 2010, the carrying amount of the District's deposits was \$851,803. The bank balance was \$1,624,930. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$1,374,930 was collateralized by pledged securities held under joint custody receipts issued by UMB Bank Kansas, Kansas City, Kansas. UMB Bank Kansas is independent of Valley State Bank.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Treasurer's investment pool. All investments must be insured, registered, or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

June 30, 2010

6. Deposits and Investments (continued)

At year ended June 30, 2010 the District had no investments required to be categorized in the risk categories discussed in the preceding paragraph.

7. Risk Management

The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

8. Subsequent Events

The District adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through February 15, 2011, which is the date the financial statements were available to be issued. There were no such events identified to be disclosed.

9. Compliance with Kansas Statutes

Management is aware of no statutory violations for the period ended June 30, 2010 audit.

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

UNIFIED SCHOOL DISTRICT NO. 357
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES			
Taxes and shared revenue:			
Ad valorem property	\$ 312,251	\$ 327,524	\$ 15,273
Delinquent tax	10,132	5,659	(4,473)
Mineral production tax	750	334	(416)
Federal aid:			
Equalization aid	250,235	250,235	-
State aid:			
Equalization aid	3,842,500	3,840,826	(1,674)
Special education aid	784,594	800,902	16,308
Other	-	5,266	5,266
Total Statutory Revenues	<u>5,200,462</u>	<u>5,230,746</u>	<u>30,284</u>
EXPENDITURES			
Instruction	3,191,600	2,691,577	500,023
Student support service	221,598	259,552	(37,954)
Instructional support service	3,000	-	3,000
General administration	268,270	251,169	17,101
School administration	439,056	499,715	(60,659)
Operations and maintenance	42,200	19,416	22,784
Student transportation service	157,913	107,906	50,007
Transfers to:			
At Risk (4 yr old) Fund	-	50,150	(50,150)
At Risk (K - 12) Fund	510,000	417,000	93,000
Contingency Reserve Fund	29,189	59,842	(30,653)
Special Education Fund	784,654	800,902	(16,248)
Vocational Education Fund	-	68,000	(68,000)
Adjustment to comply with legal max	(422,251)	-	(422,251)
Total Expenditures	<u>5,225,229</u>	<u>5,225,229</u>	<u>-</u>
Revenue Over (Under) Expenditures	(24,767)	5,517	30,284
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>24,767</u>	<u>390</u>	<u>(24,377)</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ 5,907</u>	<u>\$ 5,907</u>

UNIFIED SCHOOL DISTRICT NO. 357
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES			
Taxes and shared revenue:			
Ad valorem property	\$ 400,507	\$ 448,117	\$ 47,610
Motor vehicle tax	73,846	74,739	893
Delinquent tax	10,981	985	(9,996)
Federal aid ARRA stabilization funds	-	274,228	274,228
State aid	1,059,568	805,566	(254,002)
Total Statutory Revenues	<u>1,544,902</u>	<u>1,603,635</u>	<u>58,733</u>
EXPENDITURES			
Instruction	179,003	554,560	(375,557)
Operations and maintenance	738,000	474,876	263,124
Transfers to:			
Food Service	30,000	-	30,000
Special Education Fund	498,439	333,093	165,346
Vocational Education Fund	188,000	120,000	68,000
At Risk (4 yr old) Fund	66,000	12,850	53,150
Capital Outlay Fund	-	137,624	(137,624)
Adjustment to comply with legal max	(62,319)	-	(62,319)
Total Expenditures	<u>1,637,123</u>	<u>1,633,003</u>	<u>4,120</u>
Receipts Over (Under) Expenditures	(92,221)	(29,368)	62,853
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>92,221</u>	<u>29,368</u>	<u>(62,853)</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 357

Notes to Financial Statements

Year Ended June 30, 2010

10. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Refunding and School Improvement	3.00% to 6.75%	8/25/1993	\$ 4,825,000	9/1/2013	\$ 630,000	\$ -	\$ 630,000	\$ -	\$ 17,483
Refunding and School Improvement	3.75% to 4.90%	4/1/1998	2,750,000	9/1/2013	1,455,000	-	1,455,000	-	34,996
School Building	5.50%	9/6/2000	900,000	9/1/2010	245,000	-	245,000	-	6,156
Refunding	1.4% to 2.5%	9/1/2009	1,875,000	9/1/2013	-	1,875,000	-	1,875,000	18,170
Total General Obligation Bonds					2,330,000	1,875,000	2,330,000	1,875,000	76,805
Capital Leases:									
Copiers and duplicator		1/30/2006	238,279	4/30/2011	86,991	-	86,991	-	-
HVAC Equipment		7/18/2008	207,270	7/23/2012	164,823	-	49,563	115,260	10,123
Learning System Software		9/19/2008	54,100	9/19/2010	34,870	-	16,863	18,007	2,368
Total Capital Leases					286,684	-	153,417	133,267	12,491
Total Contractual Indebtedness					\$ 2,616,684	\$ 1,875,000	\$ 2,483,417	\$ 2,008,267	\$ 89,296

Annual Debt Service Requirements

	2011	2012	2013	2014	2015	Total
Principal:						
General obligation bonds	\$ 585,000	\$ 450,000	\$ 460,000	\$ 380,000	\$ -	\$ 1,875,000
Capital leases	71,211	57,112	4,944	-	-	133,267
Total Principal	656,211	507,112	464,944	380,000	-	2,008,267
Interest:						
General obligation bonds	18,070	27,950	19,850	9,500	-	75,370
Capital leases	7,705	2,575	29	-	-	10,309
Total Interest	25,775	30,525	19,879	9,500	-	85,679
Total Principal and Interest	\$ 681,986	\$ 537,637	\$ 484,823	\$ 389,500	\$ -	\$ 2,093,946

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OF COUNSEL
MARVIN W. NYE, C.P.A.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Belle Plaine Unified School District No. 357
Leon, Kansas

We have audited the basic financial statements of Belle Plaine Unified School District No. 357 as of and for the year ended June 30, 2010, and have issued our report thereon dated February 15, 2011. Our report disclosed that, as discussed in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and management of Belle Plaine Unified School District No. 357, others within the District, Kansas State Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Goss LC

February 15, 2011

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

PETERSON, PETERSON & GOSS, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**OF COUNSEL
MARVIN W. NYE, C.P.A.**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Belle Plaine Unified School District No. 357
Leon, Kansas

Compliance

We have audited the compliance of Belle Plaine Unified School District No. 357 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Belle Plaine Unified School District No. 357 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be, deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and management of Belle Plaine Unified School District No. 357, others within the District, Kansas State Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Goss LC

February 15, 2011

BELLE PLAINE UNIFIED SCHOOL DISTRICT NO. 357
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Belle Plaine Unified School District No. 357.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Belle Plaine Unified School District No. 357 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance of the major federal award programs for Belle Plaine Unified School District No. 357 expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs included:

State Fiscal Stabilization Funds – 84.394
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Belle Plaine Unified School District No. 357 did not qualify to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 357
Schedule of Expenditures of Federal Awards
Year Ended June 30,2010

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity ID Number	Federal Expenditures	Award Amount by Cluster
Passed-through Kansas Department of Education:				
Fresh Fruits and Vegetables	10.582	3230-3020	\$ 14,083	\$ 14,083
Team Nutrition Grant	10.574	3230-3020	225	225
Child Nutrition Cluster:				
School Breakfast Program	10.553	3529-3490	33,341	
National School Lunch Program	10.555	3530-3500	119,409	
Cash for Commodities	10.555	3530-3500	<u>16,488</u>	
Total Child Nutrition Cluster				169,238
U.S. Department of Education:				
Passed-through Kansas Department of Education:				
Data Use Grant	84.372	3592-3070	800	800
Title I, Part A Cluster:				
Title I, Low Income	84.010	3532-3520	103,094	
ARRA - Title I, Low Income	84.389	3532-3525	<u>4,625</u>	
Total Title I, Part A Cluster				107,719
Drug Free Schools and Communities	84.186	3795-3100	2,194	2,194
Title II-A, Improving Teacher Quality Cluster:				
Title II-A, Improving Teacher Quality	84.367	3526-3860	12,217	12,217
Educational Technology State Grants Cluster:				
Title II-D, Technology Literacy	84.318	3233-3040	851	
ARRA - Title II-D, Technology Literacy	84.386	3233-3044	<u>1,000</u>	
Total Educational Technology State Grants Cluster				1,851
ARRA - State Fiscal Stabilization Funds - 2009	84.394	3790-3790	524,463	524,463
U.S. Department of Education:				
Passed-through South Central Kansas Education Service Center:				
Title V, Innovative Programs	84.298	N/A	2,596	2,596
U.S. Department of Health and Human Services:				
Passed-through Kansas Social and Rehabilitation Services:				
Medicaid	93.778	N/A	<u>9,341</u>	<u>9,341</u>
Total				<u><u>\$844,727</u></u>

The notes to the financial statements are an intergral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 357
Schedule of Expenditures of Federal Awards
Year Ended June 30,2010

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards is presented using the accounting practice prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

UNIFIED SCHOOL DISTRICT NO. 357
Summary of Prior Audit Findings
Year Ended June 30,2010

There are no prior audit findings.